

INFORMATION REPORT

CD NO.

DATE DISTR. 9 JAN 50

NO. OF PAGES 2

NO. OF ENCLS.
(LISTED BELOW)

SUPPLEMENT TO
REPORT NO.

COUNTRY Argentina

SUBJECT Argentine Political Situation

PLACE 25X1A

ACQUIRED

DATE OF IN

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1. A recent poll conducted in Argentina by the Argentine secret police revealed increased opposition to the Argentine government because of its apparent inability to stem inflation. The middle class has grown increasingly critical of the government's do-nothing policy on the high cost of living and the low purchasing power of the peso. Visible unrest has been observed in the rural areas, which have suffered to an even greater degree than the metropolitan centers from the rising cost of living. The poll indicated that the principal reason for the growth of unrest in the provincial regions is the realization on the part of the farm worker that his income has not kept pace with the real income of the urban laborer and that the added burden of heavy taxation has prevented him from obtaining any of the modern conveniences that his counterpart in the city has gained. Rural opposition to the government's heavy military expenditures has increased.
2. Rural unrest is one of the reasons the Argentine government recently allocated \$20 million US to purchase agricultural equipment from the United States, despite the enormous drain on its dollar reserve. Another reason is the government's desire to stem the flux of rural workers into the industrial sector of Buenos Aires by affording better working conditions for the farmers.
3. Pronounced differences exist between Foreign Minister Hipolito Jesus Paz and Chief of Protocol Raul A. Margueirat. [REDACTED] Margueirat enjoys greater support from the Casa Rosada and Sra. Peron than does Paz and he probably resents the fact that Paz is a younger man who is less amenable to suggestions on protocol than was the former Foreign Minister, Juan A. Bramuglia.
4. Peron's advisors have reportedly convinced the President that Argentina is becoming increasingly the victim of United States economic encirclement. Hence, future Argentine attacks on the United States may be expected.

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Document No. 9
No Change in Class. ☐
☐ Declassified
Class. Change To: TS S (C)
Auth.: HR 70-2
Date: 010678 By: 034

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CENTRAL INTELLIGENCE AGENCY

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5. The official but confidential view of the Argentine situation, according to a high government official, is that political unrest, far from decreasing, has been growing in intensity. The numerous strikes, the poor economic situation, the imperfect political picture, and the high cost of living, have been causing logical repercussions in the Army as well as in opposition circles. Casa Rosada sources have predicted that the administration will stage additional "smoke-screens" for the purpose of concealing the critical internal situation. Radical and Communist plots, sabotage, Wall Street interference, and the like will be uncovered and denounced at appropriate intervals. The Visca-Decker congressional investigating committee, which has intervened in a number of newspapers and opposition organizations, appears to have back-fired and its activities may be curtailed in view of unfavorable reaction and adverse comment in other Latin American republics.
6. The administration has been attempting to avoid unnecessary trouble with labor and will continue to temporize as long as possible. However, it may soon be forced to adopt a strong and determined stand against labor's ever-increasing demands.
7. Important nationalist cabinet ministers, particularly Army Minister General Franklin Lucero, have adopted a new and firmer policy toward Argentine Communists and independent labor groups. Lucero will have the Argentine Army's authorization and support of this policy.
8. The government has been planning to spend \$500,000 pesos for printing presses from Italy and will import huge quantities of paper from Finland. Both will be used for the printing of money.
9. An effort will be made soon to improve Argentine relations with Bolivia. The advisability of purchasing radios and newspapers in Paraguay and Uruguay was recently discussed at the Sub-Secretariat of Press and Propaganda.

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